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CHILTON'S
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THE TRANSPORTATION & BUSINESS LOGISTICS MAGAZINE
JUNE 1988

THE 'SPACE RACE'

SHIPPERS & CARRIERS:
PULLING TOGETHER

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The Inbound Orient Express
Advanced Negotiating
Outsourcing Management

JUNE, 1988

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THE TRANSPORTATION & BUSINESS LOGISTICS MAGAZINE

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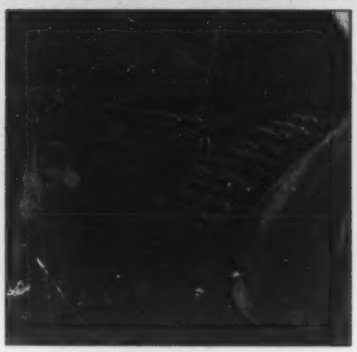
COVER STORY

30 SHIPPERS & CARRIERS PULLING TOGETHER

Management of the supply channel is the essence of logistics. It is where we add value to our companies' products. However, the gap between the risks of inferior performance and the rewards of superior performance is growing wider. That means we must completely reassess our relationships with carriers.



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In a volatile business, a company must do whatever it takes to maintain market share. For Seagate Technology it means improving customer service by controlling inbound and outbound traffic.

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ADVANCED NEGOTIATING: PREPARATION IS THE KEY

Tricks, gimmicks and ploys are not the stuff long-term relationships are made of in transportation negotiations.

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LOGISTICS TRENDS

Has overnight delivery seen its day?

A survey conducted by the Colography Group, a research and consulting firm specializing in expedited transportation services, shows that overnight service is no longer the preferred method of shipping express air cargo. Services aimed at two to four-day delivery schedules represented over 60 percent of the market by volume during the year ending July 1987, the firm reports. A significant portion of that total is being moved over the road by "expedited LTL" service in the three to four-day range.

DOMESTIC MARKET DEMAND BY TRANSIT TIME

transit time categories	pounds in millions	percent demand
overnight	2,881	39.5
2–3 days	3,591	49.3
3–4 days	815	11.2
Total	7,287	100.0

Schedule your pick-ups with mileages in mind, carrier says

Pick-up schedules that fail to take distances into account are responsible for unnecessary delays and contribute to driver dissatisfaction, according to Schneider National Carriers. Pick-up schedules which make it impossible for a driver to reach his destination before the end of the consignee's unloading shift take money from the driver's pocket by making him sit idle until the following morning. "For example," the carrier notes, "a 650-mile load picked up at 3 p.m. cannot usually be delivered until 5 p.m. the next day. Many consignees stop unloading at 2 p.m.; therefore the delivery is made the following morning at 7 a.m.. Scheduling the pick-up of the load in the morning would prevent this delay." A table of optimum pick-up times listed by mileage (at right) along with the percentage of loads actually falling within the recommended window, shows how seldom distances are figured into shippers' pick-up schedules.

PICK-UP SCHEDULING EFFICIENCY

MILEAGE	OPTIMAL PICK-UP WINDOW	PERCENT OF LOADS CURRENTLY OPTIMAL
100-200	10pm-4am	11%
300-400	10am-1pm	23%
500-600	7am-9am	32%
700-800	3pm-6pm	19%
900-1000	10am-2pm	21%
1100-1400	7pm-10pm	22%
1500-1600	7am-10am	26%
1700-1800	11pm-3am	13%
1900-2200	7am-10am	29%

First microchips, now forklifts

Following up on a complaint lodged by Hyster Co. and a number of U.S. trade unions, the Commerce Department has determined that several leading Japanese forklift manufacturers are dumping trucks on the U.S. market at unfairly low prices. Based on current Japanese production costs and market values, the Commerce Department cites import prices as much as 56.8 percent below the fair market value. The results of an investigation by the International Trade Commission will determine whether anti-dumping import duties should be levied against the Japanese imports, but until a decision is reached, American buyers will be required to post bonds in the amount of the possible future penalty.

One Japanese manufacturer, Nissan Motor Co., has decided to resolve the dilemma by making its lift trucks here. Nissan says the decision was made largely to combat higher costs due to the strength of the yen. But it also acknowledges that other motives are involved. The decision "will work to ease trade friction with the U.S. At the same time, this move will serve as one approach to deal with the issue of dumping," the company said. Nissan's forklifts will be made in the U.S. under an agreement with Barrett Industrial Trucks, Inc a non-competing U.S. lift truck manufacturer.

Throwing technology into the trade balance arena

The exporting of high technology computer equipment has often been viewed as a potential, if strategically risky, means of moderating the U.S. trade deficit. Figures just released by the Computer and Business Equipment Manufacturers Association show that the balance of trade in computers and related equipment is indeed favorable to the U.S., but not dramatically so. Export sales of computer equipment amounted to $18.6 billion in 1987, while $14.5 billion was paid for imports. Despite the favorable overall balance, however, the high-tech market contributed substantially to the imbalance of trade between the U.S. and Japan in 1987.

Making a case on the access issue

The Private Truck Council of America is gathering evidence in order to make a case for increased access for 48' X 102" trailers. PTCA General Coun-

continued